



# PUBLIC NOTICE

Federal Communications Commission  
445 12<sup>th</sup> St., S.W.  
Washington, D.C. 20554

News Media Information 202 / 418-01  
Internet: <http://www.fcc.gov>  
TTY: 1-888-835-5344

October 29, 2004

## INTERNATIONAL AUTHORIZATIONS GRANTED

### APPLICATION OF NEW SKIES SATELLITES N.V. (TRANSFEROR) AND NEW SKIES SATELLITES B.V. (TRANSFeree) TRANSFER CONTROL OF FCC LICENSES AND AUTHORIZATIONS HELD BY NEW SKIES SATELLITES N.V. AND NEW SKIES NETWORKS, INC. AND NOTIFICATION OF CHANGE TO THE PERMITTED SPACE STATION LIST

IB Docket No. 04-247

## ERRATUM

On October 27, 2004, a Public Notice (DA 04-3419) was released in this proceeding granting, subject to compliance by New Skies B.V. with the terms of the "New Skies Commitment Letter" to the Executive Branch Agencies, applications to transfer control of non-common carrier fixed satellite service earth station licenses held by New Skies Networks, Inc. ("New Skies Networks") from New Skies to NSBV. That Public Notice is corrected as follows:

1. Replace footnote 2 as follows:

<sup>2</sup> 47 U.S.C. § 310(d). On July 12, 2004, the International Bureau placed the Transfer Application on public notice as acceptable for filing. *See New Skies Satellites N.V. (Transferor) and Munaro Holding B.V. (Transferee) Seek Approval to Transfer Control of FCC Licenses and Authorizations Held by New Skies Satellites N.V. and New Skies Networks, Inc., Pleading Cycle Established*, IB Docket No. 04-247, Public Notice, DA 04-2083 (Int'l Bur. July 12, 2004). On July 19, 2004, Applicants updated the information provided in the Applications. On October 1, 2004, the Applicants filed an amendment notifying the Commission of certain non-substantial changes to the proposed ownership structure of NSBV. *See* File Nos. SES-T/C-20040625-00886; SAT-PPL-20040625-00123.

2. Replace the third paragraph as follows:

NSBV, the transferee, is a Netherlands private company with limited liability that will be 100 percent indirectly owned by a Luxembourg holding company to be formed prior to closing. Applicants state that ultimate ownership and control of NSBV would be

held indirectly by five private equity funds affiliated with Blackstone, a global investment and advisory firm (collectively, the "Blackstone Funds"). Two of these entities, Blackstone NSS Communications Partners (Cayman) L.P., a Cayman Islands limited partnership, and Blackstone Capital Partners (Cayman) IV L.P.,<sup>9</sup> also a Cayman Islands limited partnership, would hold indirectly an aggregate of approximately 93.5 percent of the equity of the Luxembourg holding company. The three other Blackstone limited partnerships would hold the remaining indirect interests in NSBV: Blackstone Family Communications Partnership (Cayman) L.P., Blackstone Capital Partners (Cayman) IV-A L.P., and Blackstone Family Investment Partnership (Cayman) IV-A L.P.<sup>10</sup> Two Blackstone executives, Peter G. Peterson and Stephen A. Schwarzman, would indirectly control all five of the Blackstone Funds through ownership interests in the general partners of the Blackstone Funds. Most of the equity in the Blackstone Funds will be contributed by over 400 limited partners, including both U.S. and non-U.S. investors.

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<sup>9</sup> Instead of Blackstone Capital Partners (Cayman) IV L.P. ("BCP IV"), it is possible the acquiring entity will be Blackstone NSS Capital Partners (Cayman) IV L.P. ("BCP NSS IV"). In that case, Applicants state that the acquiring entity would have substantially the same terms and conditions as the existing funds, to the maximum extent applicable. The general partner of BCP NSS IV would be the existing general partner of BCP IV. The limited partners of BCP NSS IV would be the same as the limited partners of BCP IV, unless excluded from the investment by the General Partner in order to ensure, among other things, that the investment would be in compliance with laws and regulations.

<sup>10</sup> Instead of Blackstone Capital Partners (Cayman) IV-A L.P. ("BCP IV-A"), it is possible the acquiring entity will be Blackstone NSS Capital Partners (Cayman) IV-A L.P. ("BCP NSS IV-A"). In that case, Applicants state that the acquiring entity would have substantially the same terms and conditions as the existing funds, to the maximum extent applicable. The general partner of BCP NSS IV-A would be the existing general partner of BCP IV-A. The limited partners of BCP NSS IV-A would be the same as the limited partners of BCP IV-A, unless excluded from the investment by the General Partner in order to ensure, among other things, that the investment would be in compliance with laws and regulations.



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DA 04-3419  
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## INTERNATIONAL AUTHORIZATIONS GRANTED

### APPLICATION OF NEW SKIES SATELLITES N.V. (TRANSFEROR) AND NEW SKIES SATELLITES B.V. (TRANSFeree) TRANSFER CONTROL OF FCC LICENSES AND AUTHORIZATIONS HELD BY NEW SKIES SATELLITES N.V. AND NEW SKIES NETWORKS, INC. AND NOTIFICATION OF CHANGE TO THE PERMITTED SPACE STATION LIST

IB Docket No. 04-247

#### By the Chief, International Bureau:

On June 25, 2004, New Skies Satellites B.V. ("NSBV")<sup>1</sup> and New Skies Satellites N.V. ("New Skies" and together with NSBV, the "Applicants") filed an application pursuant to section 310(d) of the Communications Act of 1934, as amended,<sup>2</sup> seeking consent to transfer control of non-common carrier fixed satellite service earth station licenses held by New Skies Networks, Inc. ("New Skies Networks") from New Skies to NSBV ("Transfer Application"). The Applicants also filed, under section 25.137(g) of the Commission's rules,<sup>3</sup> an application notifying the Commission of NSBV's proposed acquisition of New Skies' foreign-licensed satellites that are authorized to provide service in the United States pursuant to the Commission's Permitted Space Station List ("Permitted List"). The Applicants requested that the Commission modify the Permitted List to specify NSBV as the new owner and operator of the New Skies satellites, subject to consummation of the proposed transaction ("Notification Application").<sup>4</sup> The Transfer Application and the Notification Application were both unopposed.

<sup>1</sup> Subsequent to filing the applications, Munaro Holding B.V. was renamed New Skies Satellites B.V. See Letter from Counsel for Applicants to Secretary, Federal Communications Commission, IB Docket 04-247 (dated July 19, 2004) ("July 19 Letter"). We shall refer to the company as New Skies B.V. or NSBV in this Public Notice.

<sup>2</sup> 47 U.S.C. § 310(d). On July 12, 2004, the International Bureau placed the Transfer Application on public notice as acceptable for filing. See *New Skies Satellites N.V. (Transferor) and Munaro Holding B.V. (Transferee) Seek Approval to Transfer Control of FCC Licenses and Authorizations Held by New Skies Satellites N.V. and New Skies Networks, Inc., Pleading Cycle Established*, IB Docket No. 04-247, Public Notice, DA 04-2083 (Int'l Bur. July 12, 2004). On July 19, 2004, Applicants updated the information provided in the Applications. On October 1, 2004, the Applicants filed an amendment notifying the Commission of certain non-substantial changes to the proposed ownership structure of NSBV. See File Nos. SES-T/C-20040625-00886; SAT-PPL-20040625-00123.

<sup>3</sup> 47 C.F.R. § 25.137(g).

<sup>4</sup> See File No. SAT-PPL-20040625-00123.

The Department of Justice, including the Federal Bureau of Investigation, and on behalf of the Department of Homeland Security (collectively, the "Executive Branch Agencies") together with the Applicants filed a Joint Petition to Defer on August 19, 2004.<sup>5</sup> On October 15, 2004, the Executive Branch Agencies submitted a Petition to Adopt Conditions to Authorizations and Licenses ("Petition").<sup>6</sup> In the Petition, the Executive Branch Agencies advised the Commission that they do not object to the grant of the instant applications, provided that the Commission conditions such grant on compliance by NSBV with the commitments and undertakings they made in an October 13, 2004 letter to the Executive Branch Agencies (the "New Skies Commitment Letter").<sup>7</sup>

NSBV, the transferee, is a Netherlands private company with limited liability that will be 100 percent indirectly owned by a Luxembourg holding company to be formed prior to closing. Applicants state that ultimate ownership and control of NSBV would be held indirectly by five private equity funds affiliated with Blackstone, a global investment and advisory firm (collectively, the "Blackstone Funds"). Two of these entities, Blackstone NSS Communications Partners (Cayman) L.P., a Cayman Islands limited partnership, and Blackstone Capital Partners (Cayman) IV L.P.,<sup>9</sup> also a Cayman Islands limited partnership, would hold indirectly an aggregate of approximately 93.5 percent of the Luxembourg holding company. The three other Blackstone limited partnerships would hold the remaining indirect interests in NSBV: Blackstone Family Communications Partnership (Cayman) L.P., Blackstone Capital Partners (Cayman) IV-A L.P., and Blackstone Family Investment Partnership (Cayman) IV-A L.P.<sup>10</sup> Two

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<sup>5</sup> See Joint Petition to Defer in the Matter of New Skies Satellites N.V., Transferor, and Munaro Holding B.V., Transferee, Application for Transfer of Control for Six (6) Fixed Earth Stations and Change of Ownership of Permitted List Satellites NSS-5, NSS-7 and NSS-806, IB Docket No. 04-247, File Nos. SES-T/C-20040625-00886 and SAT-PPL-20040625-00123 (filed August 19, 2004).

<sup>6</sup> Department of Justice, Federal Bureau of Investigation, and Department of Homeland Security, Petition to Adopt Conditions to Authorizations and Licenses, IB Docket No. 04-247 (dated Oct. 13, 2004).

<sup>7</sup> Letter from Philip L. Verveer, Willkie, Farr & Gallagher, Counsel to New Skies Satellites N.V. and John B. Reynolds, III, Wiley, Rein, & Fielding, LLP, Counsel to New Skies Satellites B.V. and the Blackstone Group, to Laura H. Parsky, Deputy Assistant Attorney General, United States Department of Justice, Tina W. Gabbrielli, Director of Intelligence Coordination and Special Infrastructure Protection Programs, United States Department of Homeland Security, and Patrick W. Kelley, Deputy General Counsel, Federal Bureau of Investigation (dated Oct. 13, 2004). This letter is attached to this Public Notice as Appendix B.

<sup>9</sup> Instead of Blackstone Capital Partners (Cayman) IV L.P. ("BCP IV"), it is possible the acquiring entity will be Blackstone NSS Capital Partners (Cayman) IV L.P. ("BCP NSS IV"). In that case, Applicants state that the acquiring entity would have substantially the same terms and conditions as the existing funds, to the maximum extent applicable. The general partner of BCP NSS IV would be the existing general partner of BCP IV. The limited partners of BCP NSS IV would be the same as the limited partners of BCP IV, unless excluded from the investment by the General Partner in order to ensure, among other things, that the investment would be in compliance with laws and regulations.

<sup>10</sup> Instead of Blackstone Capital Partners (Cayman) IV-A L.P. ("BCP IV-A"), it is possible the acquiring entity will be Blackstone NSS Capital Partners (Cayman) IV-A L.P. ("BCP NSS IV-A"). In that case, Applicants state that the acquiring entity would have substantially the same terms and conditions as the existing funds, to the maximum extent applicable. The general partner of BCP NSS IV-A would be the existing general partner of BCP IV-A. The limited partners of BCP NSS IV-A would be the same as the limited partners of BCP IV-A, unless excluded from the investment by the General Partner in order to ensure, among other things, that the investment would be in compliance with laws and regulations.

Blackstone executives, Peter G. Peterson and Stephen A. Schwarzman, would indirectly control all five of the Blackstone Funds through ownership interests in the general partners of the Blackstone Funds. Most of the equity in the Blackstone Funds will be contributed by over 400 limited partners, including both U.S. and non-U.S. investors.

Applicants state that, under the limited partnership agreement for each of the Blackstone Funds, the limited partners will have no material involvement in the control and management of the operation of the limited partnership, and therefore no power to control the day-to-day operations of the Blackstone Funds, NSBV, or the licensee, New Skies Networks. Applicants further represent that no single limited partner will indirectly own a 10 percent or greater interest in NSBV.

The International Bureau finds, upon consideration of the record, that grant of the Applications, subject to the conditions set forth in this Public Notice and attachments,<sup>11</sup> will serve the public interest, convenience, and necessity.<sup>12</sup> Based on our review of the record, we find no evidence to suggest that NSBV lacks the basic qualifications to control New Skies Networks. Further, the record contains no evidence that the proposed transfer would harm competition in any relevant product or geographic market.<sup>13</sup> NSBV has no ownership investments in any other satellite operator, and the other communications investments held by the private equity funds associated with NSBV and the Blackstone Funds do not present competitive concerns.<sup>14</sup>

Consistent with Commission precedent, the Bureau accords the appropriate level of deference to the Executive Branch Agencies' expertise on national security and law enforcement issues.<sup>15</sup> According to the Petition submitted by the Executive Branch Agencies, the New Skies Commitment Letter addresses the Executive Branch Agencies' stated concerns regarding national security, law enforcement, and public safety.<sup>16</sup> Accordingly, we grant the Petition filed by the Executive Branch Agencies.

Therefore, pursuant to section 310(d) of the Communications Act of 1934, as amended, and section 0.261 of the Commission's rules,<sup>17</sup> the International Bureau hereby grants, subject to compliance

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<sup>11</sup> Specifically, the applicants must comply with all aspects of the New Skies Commitment Letter dated October 13, 2004. Said agreement is attached as Appendix B to this Public Notice.

<sup>12</sup> See 47 U.S.C. § 310(d).

<sup>13</sup> Neither NSBV nor its affiliates own interests in existing satellite providers.

<sup>14</sup> Other funds affiliated with Blackstone hold a 10 percent or greater interest in the following entities: Centennial Communications Corp., Crowley Wireless Broadband LLC, FiberNet Telecom Group, Inc., Freedom Communications Inc., PacTec Communications, Inc., and Utilicom Networks LLC.

<sup>15</sup> The Commission considers national security, law enforcement, foreign policy, and trade policy concerns when analyzing a transfer of control or assignment application in which foreign ownership is an issue. See *Amendment of the Commission's Regulatory Policies to Allow Non-U.S. Licensed Satellites Providing Domestic and International Service in the United States*, Report and Order, 12 FCC Rcd 24094, 24170-72, ¶¶ 178-182 (1997) ("DISCO II Order"); *Rules and Policies on Foreign Participation in the U.S. Telecommunications Market*, Report and Order and Order on Reconsideration, 12 FCC Rcd 23891, 23919-921, ¶¶ 61-66 (1997), Order on Reconsideration, 15 FCC Rcd 18158 (2000) ("Foreign Participation Order"). In assessing the public interest, the Commission considers the record and accords the appropriate level of deference to Executive Branch expertise on national security and law enforcement issues. See *Foreign Participation Order*, 12 FCC Rcd at 23919-921, ¶¶ 61-66.

<sup>16</sup> See Department of Justice, Federal Bureau of Investigation, and Department of Homeland Security, Petition to Adopt Conditions to Authorizations and Licenses, IB Docket No. 04-247 (dated Oct. 13, 2004).

<sup>17</sup> 47 C.F.R. § 0.261.

by New Skies B.V. with the terms of the New Skies Commitment Letter, the Applications listed in Appendix A to this Public Notice, effective upon release of this Public Notice.

The transfers of control shall be completed within 60 days from the date of authorization.<sup>18</sup> Following consummation of the transaction, Applicants shall update any pending applications to reflect the transaction approved by this Public Notice.<sup>19</sup> Within 30 days of consummation, the Commission shall be notified by letter of the date of consummation and the file numbers of the applications involved in the transaction.<sup>20</sup> Failure to comply with all relevant Commission rules, policies, or any specific condition to the grant of these Applications will result in automatic rescission of the Commission's approval, dismissal of the underlying application, and could subject the applications to enforcement action, including but not limited to the imposition of forfeitures.

Pursuant to section 25.137(g) of the Commission's rules, the Commission will allow a change of ownership of the non-U.S. licensed satellites NSS-5, NSS-7 and NSS-806; and the permitted list will be updated to reflect the transfer of control of the New Skies satellites upon receipt of the notice of consummation.<sup>21</sup>

Pursuant to section 1.103 of the Commission's rules, the grant is effective upon release of this Public Notice.<sup>22</sup> Petitions for reconsideration under section 1.106 or applications for review under section 1.115 of the Commission's rules may be filed within 30 days of the date of this Public Notice.<sup>23</sup>

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<sup>18</sup> See 47 C.F.R. § 25.119(f).

<sup>19</sup> See 47 C.F.R. § 1.65.

<sup>20</sup> See 47 C.F.R. § 25.119(f).

<sup>21</sup> See 47 C.F.R. § 25.137(g).

<sup>22</sup> See 47 C.F.R. § 1.103.

<sup>23</sup> See 47 C.F.R. §§ 1.106, 1.115.

## Appendix A

The following applications seeking consent to transfer control of earth station licenses and to transfer Permitted List authorizations from New Skies Satellites N.V. to New Skies B.V. are granted:

### **Satellite Space Stations on the Commission's Permitted Space Station List:**

<b>File Number</b>	<b>Licensee/Call Signs</b>
SAT-PPL-20040625-00123	New Skies Satellites N.V. <i>Call Sign(s):</i> NSS-5; NSS-7 and NSS-806

### **Satellite Earth Stations:**

<b>File Number</b>	<b>Licensee/Call Signs</b>
SES-T/C-20040625-00886	New Skies Networks, Inc. <i>Call Sign(s):</i> E000102; E020071; E980076; E000726; E000696; E000152

## **Appendix B**

### **New Skies Commitment Letter**



October 13, 2004

Ms. Laura H. Parsky  
Deputy Assistant Attorney General  
Department of Justice  
950 Pennsylvania Avenue, NW  
Washington, DC 20530-0001

Ms. Tina W. Gabbrielli  
Director of Intelligence Coordination and  
Special Infrastructure Protection Programs  
Office of Infrastructure Protection  
U.S. Department of Homeland Security  
Washington, DC 20528

Mr. Patrick W. Kelley  
Deputy General Counsel  
Federal Bureau of Investigation  
935 Pennsylvania Avenue, NW  
Washington, DC 20535

**Re: New Skies Satellites B.V.'s Proposed Acquisition of New  
Skies Satellites N.V. Assets**

Dear Ms. Parsky, Ms. Gabbrielli and Mr. Kelley:

On behalf of our clients, New Skies Satellites B.V. ("New Skies"), Blackstone NSS Communications Partners (Cayman) L.P., Blackstone Family Communications Partnership (Cayman) L.P., Blackstone [NSS] Capital Partners (Cayman) IV L.P., Blackstone [NSS] Capital Partners (Cayman) IV-A L.P., Blackstone Family Investment Partnership (Cayman) IV-A L.P., and New Skies Satellites N.V. ("Old New Skies"), we appreciate the opportunity to confer with representatives of the Federal Bureau of Investigation ("FBI"), the Department of Justice ("DOJ"), and the Department of Homeland Security ("DHS") (collectively the "Agencies") about New Skies' proposed acquisition of substantially all of the assets of Old New Skies. This letter responds to oral requests from officials of the Agencies for certain information about the Old New Skies assets (the "Old New Skies Assets") and the Federal Communications Commission ("FCC") licenses and authorizations that New Skies proposes to acquire.

**I. Overview of the Parties**

Old New Skies owns and operates a global fleet of communications satellites. It is a leading provider of satellite capacity for video, data, voice and Internet

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communications services. Its customers include telecommunications carriers, broadcasters, large corporations, Internet service providers and government entities around the world.

Three of Old New Skies' satellites currently are authorized by the FCC to serve the United States.<sup>1</sup> In addition, Old New Skies' wholly-owned direct U.S. subsidiary, New Skies Networks, Inc. ("New Skies Networks"), currently holds in good standing Title III licenses for six U.S. non-common carrier earth stations. Neither Old New Skies nor New Skies Networks holds any U.S. common carrier authorizations or provides any common carrier switched services.

New Skies is a private company with limited liability organized under the laws of the Netherlands. It is affiliated with The Blackstone Group ("Blackstone"), a leading global investment and advisory firm with extensive experience investing in and partnering with telecommunications and media companies. New Skies was specifically established by Blackstone to be the successor entity to Old New Skies. New Skies will provide the services described above upon consummation of the transaction.

As described in more detail below, New Skies is controlled by U.S. entities and individuals. More than 70 percent of the ownership of New Skies will lie with U.S. entities and individuals. The foreign entities involved in the transaction are primarily limited partners in funds that will hold indirect interests in New Skies. These limited partners will have no ability to control New Skies.

## **II. Description of the Transaction**

New Skies and Old New Skies (the "Parties") entered into an agreement on June 5, 2004, whereby New Skies will acquire substantially all of the assets of Old New Skies, including all of the capital stock of New Skies Networks (the

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<sup>1</sup> New Skies Satellites, N.V., *Petition for Declaratory Ruling*, Order, 15 FCC Rcd 6740 (IB 2001); New Skies Satellites, N.V., *Petition for Declaratory Ruling*, Order, 17 FCC Rcd 10369 (IB 2002); *Revision of Permitted List Entry for the NSS-7 Satellite to Remove Coordination Conditions*, Public Notice, DA 02-3179 (rel. Nov. 15, 2002). These three satellites are licensed by the Kingdom of the Netherlands, but have been added to the FCC's Permitted Space Station List ("Permitted List"), which is a list of non-U.S. satellites approved by the FCC to serve the United States. Because these satellites are licensed by the Kingdom of the Netherlands, there are no Title III radio communications licenses associated with these satellites.

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"Transaction").<sup>2</sup> These assets include five in-orbit satellites, three of which are authorized to serve the United States, one soon-to-be-launched satellite, and six U.S. non-common carrier earth stations. Old New Skies' business, trademarks and operations will remain unchanged, as will its existing management team. Old New Skies will receive its consideration under the Transaction in cash, which will be distributed to its shareholders, and Old New Skies will be liquidated.

On June 25, 2004, the Parties filed applications with the FCC seeking approval for the transfer of control of the U.S. non-common carrier earth station licenses and requesting that the FCC review and affirmatively endorse the transfer of the Permitted List authorizations.<sup>3</sup> As stated in these applications, the Transaction will enable the creation of an optimized capital structure, with reduced dependence on public capital markets, for a significant satellite competitor. These advantages will help New Skies to grow the business, develop and introduce new products and services, and compete with rival suppliers. Importantly, the Transaction raises no competitive issues because neither New Skies nor its affiliates currently own interests in existing satellite providers.

### **III. Corporate Structure Post-Transaction**

Upon completion of the proposed transaction, New Skies will be 100 percent indirectly owned by five limited partnerships organized in the Cayman Islands and affiliated with Blackstone (collectively, the "Blackstone Entities").<sup>4</sup> Two of these

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<sup>2</sup> In the alternative, the Applicants could choose to accomplish the transaction as follows: Old New Skies would create a new wholly owned subsidiary and transfer all of its assets and liabilities to that subsidiary, including all of the capital stock of New Skies Networks. New Skies would then acquire from Old New Skies all of the capital stock of the newly-created subsidiary. New Skies would merge with the subsidiary, which would cease to exist, and hold the Old New Skies Assets.

<sup>3</sup> Although the Commission's Permitted List rule does not require prior approval for changes in ownership, the parties to the Transaction have made such FCC approval a condition of consummating the sale. Normally, upon receipt of the applicants' notice of consummation, the FCC notifies the applicants and the public that the Permitted List will be updated to reflect the change in ownership of the affected satellites and invites comment limited to "whether the transaction affects any of the considerations made when the original satellite operator was allowed to enter the U.S. market." *Amendment of the Commission's Space Station Licensing Rules and Policies*, First Report and Order and Further Notice of Proposed Rulemaking, 18 FCC Rcd 10760, 10880 (2003).

<sup>4</sup> The relevant portion of New Skies' corporate structure is provided in a chart appended as Attachment A.

entities, Blackstone NSS Communications Partners (Cayman) L.P. ("BCOM NSS Fund"), a Cayman Islands limited partnership, and Blackstone [NSS] Capital Partners (Cayman) IV L.P. ("BCP IV Fund"), a Cayman Islands limited partnership, will hold approximately 93.5 percent of the equity of New Skies. Two Blackstone executives, Peter G. Peterson and Stephen A. Schwarzman, both U.S. citizens, will indirectly control all five of the Blackstone Entities.<sup>5</sup> In addition, more than 70 percent of the ownership interests in New Skies will be indirectly held by U.S. persons and investment vehicles.

Most of the equity in the Blackstone Entities will be contributed by over 400 limited partners. No single limited partner will indirectly own a ten percent or greater interest in New Skies and substantially all of the limited partners will indirectly own less than one percent of New Skies. Moreover, under the limited partnership agreements for each of the Blackstone Entities, these limited partners have no power to control the day-to-day operations of the Blackstone Entities. Consequently, they will have no ability to direct the operations of New Skies.

#### *A. BCOM NSS Fund*

There are over 100 limited partners in the BCOM NSS Fund, including U.S. and foreign entities and high net worth individuals. Prominent among the limited partners are a number of public and private pension plans. The only limited partner with a ten percent or greater ownership interest in the BCOM NSS Fund is a U.S. state pension fund. No other limited partner owns more than a six percent interest, and the vast majority of limited partners own less than one percent. Regardless of the magnitude of their investment, limited partners do not participate in fund management and have no role at all in the management of a fund's portfolio companies.

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<sup>5</sup> Messrs. Schwarzman and Peterson control Blackstone FI Communications Associates (Cayman) LDC ("FI Communications Associates"), the indirect "parent" of the BCOM NSS Fund, and Blackstone LR Associates (Cayman) IV Ltd. ("LR Associates"), the analogous "parent" of the BCP IV Fund, through both ownership and the ability to appoint the people who serve with them as Senior Managing Directors ("SMDs") of FI Communications Associates and LR Associates. Moreover, the other Senior Managing Directors of both FI Communications Associates and LR Associates are overwhelmingly U.S. citizens. Of the 25 SMDs of FI Communications Associates, 23 are U.S. citizens (one of them a dual U.S.- Swiss citizen), and the other two are British citizens who are U.S. permanent resident aliens. LR Associates has 24 SMDs; the same individuals as FI Communications Associates, minus one American citizen. Thus, U.S. citizens clearly control the entities entitled to vote the shares of New Skies.

Foreign limited partners own, in the aggregate, approximately 28.1 percent of the BCOM NSS Fund, which translates into about a 19.7 percent ownership interest in New Skies.<sup>6</sup> The largest single foreign investment vehicle is a limited partnership organized under the laws of the Cayman Islands. It owns approximately 4.2 percent of the BCOM NSS Fund, which gives it an indirect ownership of about 2.9 percent of New Skies. The second largest foreign investment vehicle in the BCOM NSS Fund is a Singaporean entity. It owns approximately 3.7 percent of the BCOM NSS Fund, which translates into an indirect ownership interest of about 2.6 percent of New Skies. The third largest foreign investment vehicle in the BCOM NSS Fund is a Swedish entity. Its approximately 2.5 percent stake in the BCOM NSS Fund translates into an indirect ownership interest in New Skies of about 1.7 percent. The fourth largest foreign investment vehicle of the BCOM NSS Fund is a Cayman Islands entity. Its 2.2 percent interest in the fund translates into about a 1.6 percent interest in New Skies. The fifth largest foreign investment vehicle is a Swiss entity. It holds about 2.0 percent of the BCOM NSS Fund, which equates to about 1.4 percent of New Skies. These five entities have no history of working together or singly to seek input into Blackstone management. No other foreign entity owns as much as a 2.0 percent stake in the BCOM NSS Fund. As noted above, no limited partner, foreign or domestic, will be able to exercise management control over the fund in which it is invested, let alone New Skies.

#### *B. BCP IV Fund*

There are about 280 U.S. and foreign limited partners in the BCP IV Fund, including a number of public and private pension funds, institutional investors, and high net worth individuals. No single limited partner owns a five percent or greater interest in the BCP IV Fund, and the vast majority of limited partners own less than one percent of the BCP IV Fund. As noted above, limited partners do not participate in fund management and have no role at all in the management of a fund's portfolio companies.

Foreign limited partners own, in the aggregate, approximately 26.0 percent of the BCP IV Fund, which translates into about a 6.1 percent ownership interest in New Skies.<sup>7</sup> The largest single foreign investment vehicle is a limited partnership

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<sup>6</sup> The percentage ownership interest in New Skies is the product of the percentage ownership in the BCOM NSS Fund and that fund's ownership interest in New Skies (i.e.,  $28.1\% \times 70.1\% = 19.7\%$ ).

<sup>7</sup> The percentage ownership interest in New Skies is the product of the percentage ownership in the BCP IV Fund and that fund's ownership interest in New Skies (i.e.,  $26.0\% \times 23.4\% = 6.1\%$ ).

organized under the laws of Singapore. It owns approximately 3.9 percent of the BCP IV Fund, which gives it an indirect ownership of about 0.9 percent of New Skies. The BCP IV Fund's second largest foreign investment vehicle is a Canadian entity. It owns approximately 2.9 percent of the BCP IV Fund, which translates into an indirect ownership interest of about 0.7 percent of New Skies. The third largest foreign investment vehicle is a Cayman Islands entity. Its approximately 1.9 percent stake in the BCP IV Fund translates into an indirect ownership interest in New Skies of about 0.5 percent. The fourth largest investment vehicle in the BCP IV Fund is a Cayman Islands entity. Its 1.8 percent interest in the fund translates into about a 0.4 percent interest in New Skies. Six non-U.S. entities have equal ownership stakes, so each qualifies as the fifth largest foreign investment vehicle in the BCP IV Fund. Each of these six investment vehicles owns an equal 0.8 percent share, which translates into an indirect ownership interest in New Skies of about 0.2 percent. The six entities include a Canadian entity, a Japanese entity, a Finnish entity and three Dutch entities. These ten entities have no history of working together or singly to seek input into Blackstone management. No other foreign entity owns as much as a 0.8 percent stake in the BCP IV Fund. As noted above, no limited partner, foreign or domestic, will be able to exercise management control over the fund in which it is invested, let alone New Skies.

#### **IV. Title III Radio Licenses and Permitted List Authorizations**

As noted above, New Skies will acquire, subject to regulatory approvals, control of New Skies Networks, which holds Title III radio communications licenses for the operation of six U.S. non-common carrier earth stations. New Skies also will obtain the Permitted List authorizations, which allow three of Old News Skies' satellites to serve the United States.

Neither Old New Skies nor New Skies Networks holds, or plans to obtain, authorization to provide common carrier switched services prior to closing. Although certain of its customers may provide switched services, Old New Skies itself provides no common carrier switched services for any of its customers. Old New Skies' common carrier customers must obtain their own Section 214 authorizations, and most of its customers apply for and obtain their own Title III licenses from the FCC. New Skies has no plans to change this arrangement post-closing.

\* \* \*

As established in the description above, Blackstone and its associated funds are controlled by U.S. persons. Foreign entities represent a minority ownership interest

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and will not be able to exercise any actual control over New Skies. Moreover, the assets being purchased are not now and will not be used by New Skies to provide common carrier switched services, domestic or international. New Skies considers it unlikely that law enforcement or other United States governmental authorities would find it useful to work through New Skies to address surveillance concerns and related matters with respect to traffic that relies on New Skies' satellites or services. Accordingly, the parties respectfully request that the Agencies concur in filing with the FCC a Petition to Adopt, conditioned on the undertakings in this letter.

In the event that there is a need to conduct lawfully authorized surveillance through New Skies' facilities or services, New Skies commits to take reasonable measures to assist and support the FBI or any other United States federal, state or local agency with law enforcement, public safety or national security responsibilities in conducting lawfully authorized electronic surveillance. Such assistance shall include, but not be limited to, disclosure, if necessary, of technical and engineering information relating to the design, maintenance or operation of the New Skies systems. New Skies and the agency seeking the cooperation will work together in determining what is reasonable, taking into account the investigative needs of the agency and New Skies' commercial interests.

In addition, New Skies has agreed to your request that the Agencies be notified of the members of the initial board of directors of New Skies (the "Directors"), and informed of subsequent changes in the Directors. The initial Directors have not yet been finally identified. Therefore, within 14 days of consummating the Transaction, New Skies will inform the Agencies by letter addressed to each of you of the names and nationalities of the initial Directors. Until exempted from doing so by operation of law or by agreement with the Agencies, New Skies will write to each of you (or individuals you designate) within ten days of the election or designation of new Directors.

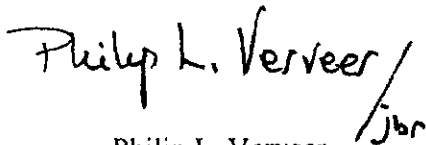
Going forward, New Skies undertakes to provide the Agencies with advance notice of its use of any of the Old New Skies Assets to provide common carrier switched services. If New Skies were to decide to provide common carrier switched services in the future, it would expect to seek the requisite Section 214 authorization from the FCC. In the unlikely event that such services were to be offered, New Skies will notify the Agencies in writing and will provide the Agencies a copy of any application filed with the FCC. Similarly, New Skies will notify the Agencies thirty days in advance of beginning to use any of the equipment subject to transferred Title III licenses for its provision of common carrier switched services.

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New Skies believes that the proposed transaction does not involve the acquisition of control of the Old New Skies Assets by a foreign-controlled person and neither implicates any national security issues nor poses any threat of harm to U.S. communications infrastructure. Old New Skies and New Skies do not, therefore, plan to submit a notification concerning the pending acquisition of the Old New Skies Assets by New Skies to the Committee on Foreign Investment in the United States under Section 721 of the Defense Production Act (the Exon-Florio Amendment).<sup>8</sup>

We look forward to working with you and officials of your agencies to resolve any concerns you may have in order that the transactions described above may be approved by the FCC. Please do not hesitate to contact either of the undersigned if you have any questions.

Sincerely,



Philip L. Verveer

Willkie Farr & Gallagher LLP  
*Counsel to New Skies Satellites N.V.*



John B. Reynolds, III

Wiley Rein & Fielding LLP  
*Counsel to New Skies Satellites B.V.  
and The Blackstone Group*

cc: John R. LoGalbo, DOJ  
Jon D. Pifer, FBI  
Lou W. Brenner, Jr., DHS

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<sup>8</sup> 50 App. U.S.C. § 2170.



